

Spotlight: Miguel Perez Gibson

When Miguel Perez Gibson retired from state government, his family and friends threw him a party to launch the next phase of his life. In the year since his retirement, that's exactly what he has done.



Perez Gibson spent over 25 years working at the Department of Natural Resources (DNR) in various positions, including Deputy Director. Then an opportunity to work with labor and natural resources policy led him to the House of Representatives, where he retired in October 2004.

The decision to retire was tough. He enjoyed the type of work he was doing and the advice of a financial planner, "Don't retire, work as long as you can," made him consider his options carefully.

He had always wanted to get into the field of social work, and while working at DNR, earned a Masters degree in Counseling and Psychology. Perez Gibson said, "It was pretty incongruous at the time. People asked, 'what are you doing?' since I was a natural resources manager. It didn't make sense to anyone at that point in my life."

But Miguel followed his heart and now runs a successful counseling practice and environmental consulting business. His company's name is NACA'N, which means "center" in the Taino language.

"I stopped thinking of it as retirement and more as reinventing my life," says Perez Gibson. "I started looking at my pension check as an investment that would help me transition into work I wanted to do now and into my later years."

In this new phase of his life, he has more time for his family, which includes his wife Marianne, three daughters and one son. But Perez Gibson doesn't plan to slow down anytime soon. He and a group of local musicians recently formed the South Sound Community Orchestra and held

their first concert in December. He also plays guitar in his Latin band, volunteers on his daughter's school soccer board and finds time to learn more about wine.

"Does my yard still need work, is the garage as tidy as I would like it ...no, but I love doing what I do, being my own boss, the creativity and flexibility."

Perez Gibson passes on this advice for getting the most out of retirement: "Live life to the fullest, whether you're 55 or 95." ■

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Watch for your 2005 1099-R Tax Form

Recently, we sent you Internal Revenue Service (IRS) Form 1099-R to use when preparing your income tax documents. (Non-resident aliens receive IRS Form 1042-S.) All forms were mailed by January 31 and are also now available online through our account access service.

The 1099-R form shows the amount of benefit or refund income you received from a DRS-administered retirement system in 2005.

We mailed the form to the address we had on file for you as of December 31, 2005. If you haven't yet notified us of a new address, please contact us immediately. *Note:* 1099-R does not apply to LEOFF Plan 1 duty-disability retirees, LEOFF Plan 2 disability retirees receiving the minimum benefit or to PERS Plan 1 members who retired on duty-disability before reaching age 60.

The IRS offers tax information in several of its publications, available at your local IRS office or online at www.irs.gov. You can also contact the IRS at 1-800-829-1040 or 1-800-TAX-FORM (1-800-829-3676).

If you have not yet received your form and do not have Internet access, please call us at (360) 664-7000 or toll-free at 1-800-547-6657. ■

Health Insurance Premiums Increase in January

Changes to your Public Employees' Benefits Board (PEBB) health care coverage took effect January 1, 2006. In October, retirees covered through the program received a packet explaining changes to benefits, premiums and availability.

DRS deducts health plan premiums from monthly pensions, but does not administer the accounts. If you have questions, please call the Health Care Authority at 1-800-200-1004 or visit them online at www.pebb.hca.wa.gov. ■

No Gain Sharing This January

In January of even numbered years, eligible retirees may potentially receive a gain sharing benefit in the form of an increase to their uniform Cost-of-Living Adjustment (COLA). Gain sharing only occurs in times of extraordinary and sustained market gains on retirement assets managed by the Washington State Investment Board.

Recently, the Office of the State Actuary informed DRS that the term average for the last four years did not exceed the 10 percent required by law for gain sharing to occur. The average return for the past four years, 2002-2005, was 6.42 percent. No gain sharing will occur in 2006.

Gain sharing has been in the news. For more information on the topic, please see the article on page 3. ■

Pension Plan Funding

A hot topic across the nation

Pension plans are often in the news, lately, including Washington's. Recent stories have focused on how our plans are funded. Overall, Washington's public pension plans are in a solid funding position.

Every two years, the state actuary performs a detailed "valuation" to determine the plans' funding status, anticipate what lies ahead and recommend any needed changes in contributions. The Pension Funding Council evaluates those recommendations and the Legislature then acts on them.

Making difficult decisions

With state needs that exceeded available dollars, the Governor and Legislature faced difficult decisions in recent biennia. As a result, the payment made to the pension plans was not the full amount recommended by the state actuary.

The shortfall primarily affected two plans—PERS Plan 1 and TRS Plan 1—each of which has had an "unfunded liability" (gap between benefits earned and a plan's assets) for several years. In 1989, the Legislature enacted a policy that requires bringing those plans to fully funded status by the year 2024.

The state is committed to fully funding both plans. Governor Gregoire's 2006 supplemental budget sets aside a portion of the state's current surplus to meet pension obligations. The Legislature will consider the proposed budget during the current session.

It's important to note the Washington State Investment Board's success in investing the pension funds, while retaining a responsible level of investment risk. Earnings on the investments have proven a significant source of additional funding for all plans.

For more information, please visit the actuary's Web site at <http://osa.leg.wa.gov/>, where the most recent valuation is available, as well as additional information on funding. ■

Gain Sharing – Update

Recent news stories have covered the topic of gain sharing. What is gain sharing? In general terms, it means sharing extraordinary investment gains with retirees and members.

Specifically, if earnings on the combined retirement trust fund assets average more than 10 percent per year over a four-year period, eligible Plan 1 retirees will receive an increase to their uniform COLA, and eligible Plan 3 members will see a portion of the gains credited to their account. Gain sharing has occurred twice since it was passed into law—in 1998 and 2000.

The Select Committee on Pension Policy studied gain sharing this year and submitted its report to the Legislature. Data in the report shows that gain sharing creates an additional cost to the retirement trust fund.

For the latest information, please visit the Legislature's Web site at www1.leg.wa.gov/legislature or our Web site at www.drs.wa.gov. ■

Retirement Benefit Disbursement Schedule

To the right is a schedule of the dates your monthly retirement benefit will be mailed or electronically deposited in your account. *Please note:* If you recently signed up for direct deposit or made a change to your account, a warrant (check) may temporarily be mailed to your financial institution.

Signing up for electronic deposit is easy. If you're interested, just complete the Authorization for Direct Deposit form available on our Web site or call us at 1-800-547-6657 to have the form mailed to you. ■

Electronic Deposit Dates January - June 2006

January	Tuesday	January 31
February	Tuesday	February 28
March	Friday	March 31
April	Friday	April 28
May	Wednesday	May 31
June	Friday	June 30

Check Mailing Dates January - June 2006

January	Saturday	January 28
February	Saturday	February 25
March	Tuesday	March 28
April	Wednesday	April 26
May	Friday	May 26
June	Tuesday	June 27

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